

Pace

1991 Operating and
Capital Program
1991-93
Financial Plan

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**Proposed
October, 1990**



Pace 1991 Operating and Capital Program and 1991-1993 Financial Plan

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Central Suburban Cook County
South Suburban Cook County
North Central Suburban Cook County
North Shore Suburban Cook County
Southwest Suburban Cook County
Kane County
McHenry County
Northwest Suburban Cook County

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Executive Summary

The 1991 operating and capital program and budget contained in this document is summarized as follows:

Operating Program and Budget

The 1991 operating expense budget totals \$84.1 million. This cost will be covered by \$29.1 million in operating revenues and \$54.7 million in RTA operating subsidies, which is comprised of \$54.4 million in funding for operations and \$.3 million to support new initiative projects in 1991. A small amount (\$.3 million) of Pace fund balance is also applied to the 1991 budget. The following table summarizes the 1991 Operating Budget.

Table 1. 1991 Operating Budget Summary (000's)

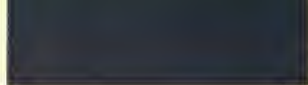
Total Operating Expense	\$ 84,144
Less: System Generated Revenue	(29,108)
Funding Requirement	\$ 55,036
Less: RTA Funding for Operations	\$ (54,488)
RTA Funding for New Initiatives	(274)
Pace Funds to Balance Budget	(274)
Surplus/(Deficit)	\$ 0
System Recovery Ratio	34.6%

There is no major fare increase planned for 1991, though fares for the Joliet Trolley and Highland Park Ravinia service will be increased. The budget will achieve a recovery rate of 34.6%.

Capital Program and Budget

The 1991 capital program totals \$22.9 million for the Pace existing system. The Regional Transportation Authority (RTA), the Urban Mass Transportation Administration (UMTA) and the Illinois Department of Transportation (IDOT) are expected to provide the \$22.9 million. The majority of the funds, \$12.8 million, will be used to replace fixed-route (50) and contractor owned buses (10). A total of \$6.4 million is programmed for the renovation and new construction of garage facilities and park-n-ride/transfer centers. In addition, \$3.7 million is programmed for signalization and support equipment.

The \$22.9 million 1991 capital proposed is based on no reduction in federal funding for capital. The RTA has recently informed Pace that federal capital funding for the 1990-1991 two year period will be reduced by over 14%. RTA is proposing a plan to adjust for this shortfall by reducing Pace federal capital funding by over 26% for the same period. This proposed reduction would eliminate \$7.3 million in federal funding from Pace in 1991 and significantly reduce the capital plan as currently proposed.



Introduction

The Pace operating and capital program for 1991 represents the seventh annual program for the Suburban Bus Division of the RTA. Pace is charged with administering and providing for all non-rail mass transit services in suburban Cook*, DuPage, Kane, Lake, McHenry and Will Counties. Pace is required under the Regional Transportation Authority Act (as amended) to prepare, distribute for public hearing, and adopt an annual program and budget consistent with RTA mandates. The program and budget must provide for a level of fares and services in balance with available funding and achieve compliance with RTA established revenue recovery levels. The Pace 1991 Operating and Capital Program meets these requirements and is presented to the citizens and elected officials of the six-county region for review, discussion and comment.

Pace is governed by a twelve member board of directors made up of current and former suburban village presidents and city mayors. The title page of this document identifies the members of the Pace Board of Directors and the areas they represent. Florence Boone, former village president of Glencoe, has chaired the Board since the agency's inception in 1984.

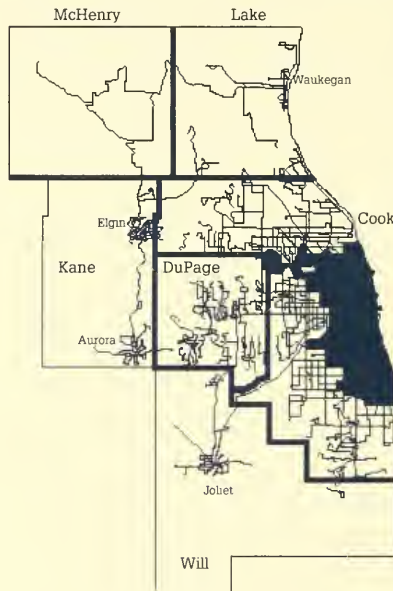
*with the exception of CTA suburban services

System Overview

Fixed-Route Service Characteristics

The following map and table summarize the operating characteristics of the Fixed-Route system.

Map 1. Fixed-Route Service Characteristics



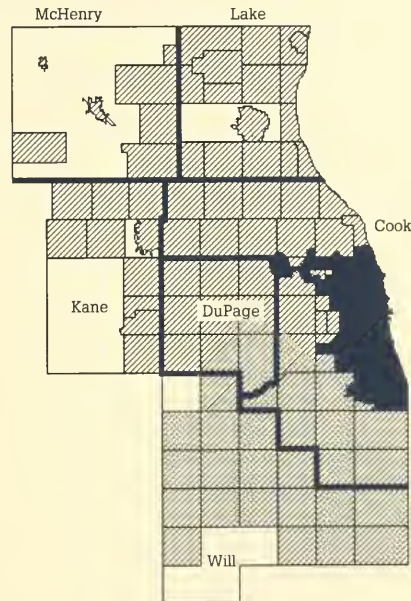
Fixed Route Services

139 Regular, 86 Feeder Routes and 2 seasonal routes are operated by Pace. These routes service over 200 communities and carry nearly 3.4 million riders per month utilizing 515 vehicles during peak periods.

Dial-a-Ride Service Characteristics

The following map and table summarize the operating characteristics of the Dial-a-Ride system.

Map 2. Dial-a-Ride Service Characteristics



Dial-a-Ride

47 local projects and 13 private contracts provide services to 237 municipalities throughout the six-county area. 154 Pace-owned lift-equipped vehicles and other vehicles are utilized to provide door-to-door service to approximately 111,000 riders each month. The majority are elderly and/or handicapped.

Fare Structure

In April, 1990, Pace adjusted passenger fares to coordinate with the CTA fare restructuring plan. This was done to minimize the impact on riders transferring from Pace to the CTA. In most cases, fares are now the same as or lower than they were in 1989; however, some fares such as cash and token fares with a transfer to CTA have risen considerably as a result of the restructuring. The following table displays all Pace fares currently in effect.

Table 2. Fare Structure

	Peak Period	Off Peak Period
Regular Fares	(6 AM-9AM, 3AM-6PM) (All other times)	
Full Fare	\$ 1.00	\$ 1.00
Transfer to CTA	\$.50	\$.25
Transfer to Pace	\$.10	\$.10
Reduced Fare	\$.50	\$.50
Transfer to CTA	\$.10	\$.05
Transfer to Pace	\$.05	\$.05
Monthly Pass		
Full Fare	\$ 45.00 good every day on Pace, M-F only on CTA	
Reduced Fare	\$ 25.00 good every day on Pace, CTA	
10 Ride Plus Pass	\$ 10.00	
Local Fares	<i>All Times</i>	
Full Fare	\$.75	
Reduced Fare	\$.35	
10 Ride Plus Pass	\$ 7.50	
Express Fares*	<i>All Times</i>	
Full Fare	\$ 2.50	
Reduced Fare	\$ 1.25	
10 Ride Plus Pass	\$ 25.00	
*some express bus fares may vary, some are \$1.25		
Dial-a-Ride	<i>All Times</i>	
Full Fare	\$ 1.10	
Reduced Fare	\$.55	
	<i>All Times</i>	
Mobility Limited Services	\$ 1.25	

For 1991, Pace is proposing to lower the fare charged for Mobility Limited Services from the current level of \$2.00 per trip to \$1.25.

No general fare increases are planned for 1991; however, some adjustments will be made to the following special fare categories.

	Present Fare	1991 Proposed Fare
Highland Park Ravinia Service	\$.50	\$.75
Pace Joliet Trolley Service	\$.10	\$.25

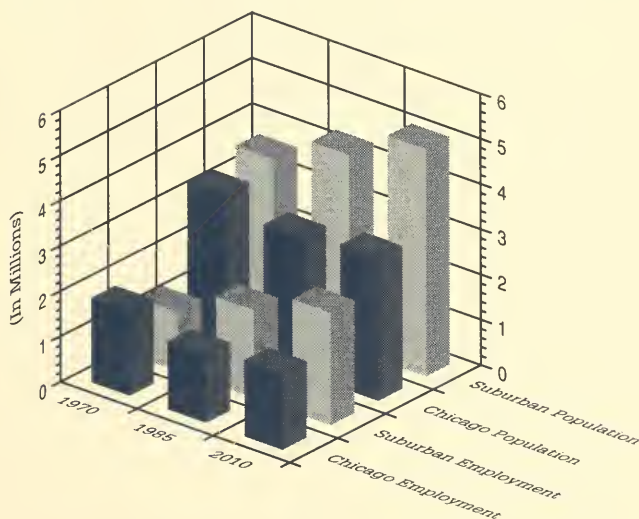
Operating Environment

The Pace service area measures 3,446 square miles, nearly the size of the state of Connecticut. The suburban area is divided among the six counties and incorporates 260 municipalities. Transportation needs among this broad area are as unique as the individual communities that comprise it. The suburb to suburb commute trip has now become the dominant travel market in the region and is primarily served by the automobile.

Population and Employment

The suburban area has a 1985 population of 4,298,000 and employment of 1,948,000. The suburban area not only exceeds the City of Chicago in terms of absolute population and employment, but it also continues to grow while population and employment in the City have declined since 1970, as shown in Chart A.

Chart A. Service Area Population and Employment

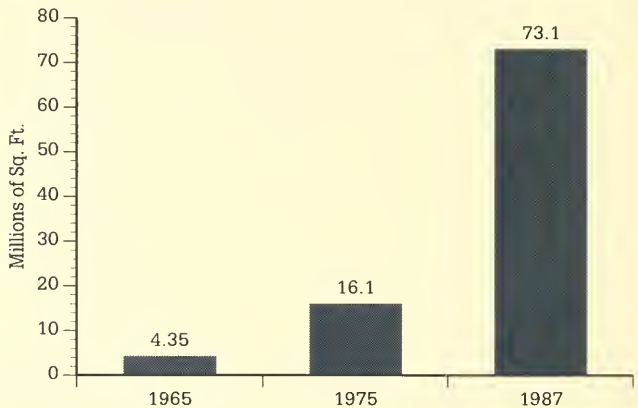


The growth of suburban population and employment has created a serious dilemma for mass transportation: the majority of the region's economic base has relocated to an area of lower population density without a central business district and is lacking in the capital infrastructure needed for transit. As these factors play an essential role in supplying efficient traditional transit services, they present both a challenge and an opportunity for Pace.

Suburban Office Space

Since 1975, over 57 million square feet of office space has been built in the suburbs, the majority of which is poorly accessible by transit patrons. Large building set-backs and a lack of sidewalks and pedestrian crossings are typical of the suburban environment. Reference Chart B.

Chart B. Suburban Office Space 1965—1987

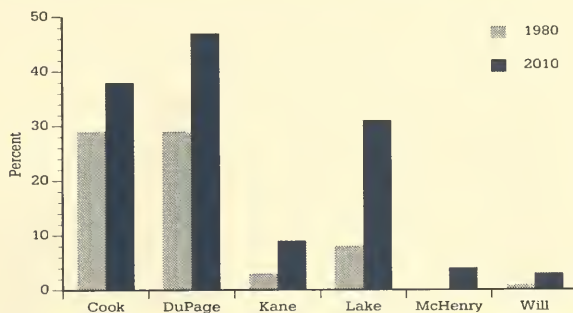


To ensure future development is transit accessible, Pace's market development team works closely with interested municipalities and developers to assist them in incorporating transit planning into their projects. By becoming part of the plan review process, transit amenities can be incorporated into their development plans from the outset. This effort will result in a more transit friendly environment thus allowing Pace to provide more cost-effective service.

Highway Traffic Congestion

The substantial growth in suburban population, employment, households and office space has clogged the region's highways with traffic congestion. From all indications, the situation is likely to worsen considerably by the year 2010 unless new funding is provided for highway and transit improvements. The following chart depicts the percentage of congested highway miles as forecast by the Chicago Area Transportation Study.

Chart C. Suburban Area Highway Congestion 1980 vs. 2010

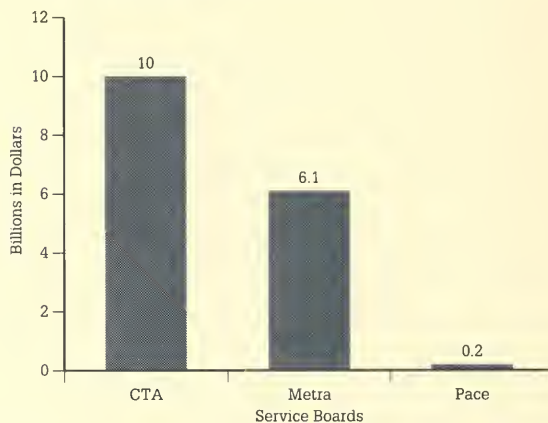


Source: CATS

Regional Transit Capital Assets

While the majority of the region's population and employment are suburban, and the growth continues to exceed the City, the region's heaviest investment in transit capital is designed to serve the City and central business district. Pace capital assets represent only 1% of the region's capital infrastructure, though Pace carries about 5% of the region's transit patrons. Reference Chart.

Chart D. Public Transportation Assets (Billions)



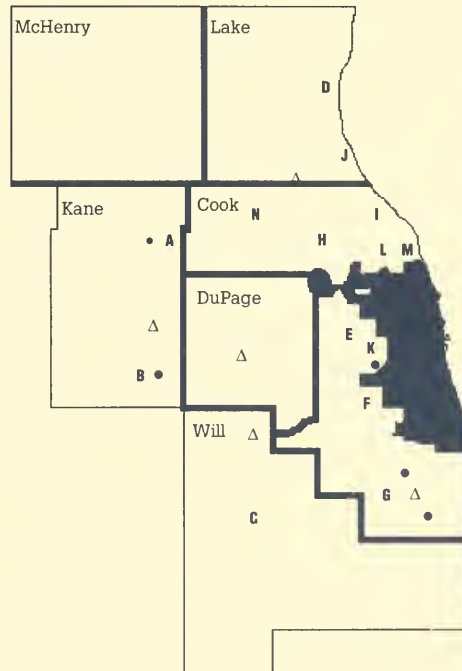
Pace Asset Locations

Pace capital assets consist primarily of operating garages and rolling stock assigned throughout the six county region as identified on the opposing page. The majority of these facilities have been placed in service within the last five years.

Map 3. Pace System Garages and Support Facilities

- A. Elgin Garage**
975 S. State, Elgin
62,000 Square feet, 1989
- B. Pace Fox Valley Division**
649 S. River St., Aurora
22,000 square feet, under construction
- C. Pace Heritage Division**
9 Osgood St., Joliet
57,000 square feet, 1986
- D. Pace North Division**
1400 W. Tenth St., Waukegan
57,800 square feet, 1987
- E. Pace West Division**
3500 W. Lake St., Melrose Park
223,000 square feet 1986
- F. Pace Southwest Division**
5800 W. 95th St., Oak Lawn
(new facility planned)
- G. Pace South Division**
2101 W. 163rd Place, Markham
191,000 square feet, 1988
- H. NORTRAN**
900 E. Northwest Hwy., Des Plaines
60,600 square feet, 1986
- I. WILBUS**
711 Laramie, Wilmette
10,800 square feet, 1985
- J. City of Highland Park***
1150 Half Day Road, Highland Park
- K. Village of Melrose Park***
1000 N. 25th Ave., Melrose Park
- L. Village of Niles***
7104 Touhy Ave., Niles
- M. Evanston Garage**
2424 Oakton, Evanston
52,000 square feet, 1991 anticipated
- N. Pace Administrative Headquarters**
550 W. Algonquin Rd., Arlington Heights
46,500 square feet

* Municipal Garages



△ Park and Ride Lots

Winfield in DuPage
Geneva in Kane
Homewood in S. Cook
Bolingbrook in Will
Buffalo Grove (under construction)

• Transfer Centers

N. Riverside in Cook
Chicago Heights in Cook
Aurora Transportation Center
Harvey in Cook (under construction)
Elgin Transportation Center in Kane

Table 3. Pace Rolling Stock

Transit Bus Series	No. of Vehicles*	Age	Manufacturer	Length	Lift Equipped
700	40	17	GMC	40'	No
100 & 400	59	15	GMC	40'	No
1000 & 8000	60	14	GMC	35'	No
8200	42	11	Grumman Flx.	40'	No
8400	1	8	Grumman Flx.	40'	No
1900	8	6	Chance	26'	No
8600	20	4	Gillig	35'	Yes
8620	4	3	Orion	26'	No
8700	100	2	Orion	40'	No
8800	72	1	Orion	40'	No
8900	50	New	Orion	40'	No
2000	84	New	Orion	35'	Yes

Total 540

Average Age 6.1

* Not including (128) vehicles scheduled to be retired.

Paratransit Bus Series	No. of Vehicles*	Age	Manufacturer	Length	Lift Equipped
8400	19	7	Ford/C&E	21'	Yes
8500	53	3	Ford/Champion	23'	Yes
8626	7	3	Ford/Braun	17'	Yes
0900	2	3	Ford	17'	No
7000	20	2	Ford/Goshen	23'	Yes
4000	70	1	Ford/Champion	23'	Yes
4500	37	1	Ford/Braun	17'	Yes

Total 208

Average Age 2.2

* Not including (62) vehicles scheduled to be retired.

Operating Strategy

Pace operations are guided by a well-designed strategic plan which stems from a general strategy of simultaneously increasing ridership and farebox recovery ratio. This strategy requires that services and capital programs pursued by Pace do at least the following:

- if intended to increase the number of customers served, Pace policies and programs should not lower the Pace farebox recovery ratio; and
- if intended to increase the farebox recovery ratio, Pace policies and programs should not reduce the number of customers served.

Simply put, the operating strategy is to serve as many riders as possible without reducing system efficiency.

Pace has taken numerous actions to fulfill this objective including:

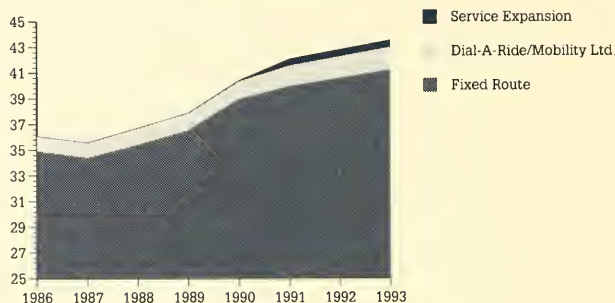
- the establishment of consistent criteria to determine when service should be expanded or reduced,
- the implementation of cost containment programs such as self-insurance, centralized purchasing, dial-a-ride cost ceilings and competitive bidding for privately operated services,
- the implementation of new initiative services like the South Suburban Express, which explore new market potentials.

The net effect of these efforts has been positive, ridership has steadily increased over the past four years, recovery ratio has improved and growth in cost per mile of service provided have averaged less than the rate of inflation for the economy.

Ridership

Pace ridership for 1990 is projected to increase by 6.7% or 2.5 million trips over the 1989 level of 37.9 million trips. Continued growth of 3.6% or 1.5 million trips is forecast for 1991, bringing Pace ridership to an all time high of 41.9 million passengers. A large portion of the ridership growth forecast for 1991 is directly attributed to continued service expansion planned for implementation in late 1990 and early 1991. In accordance with our criteria, Pace will add \$1.3 million in service improvements on its most productive routes. Continued ridership growth of 1.7% annually is also projected for 1992 and 1993.

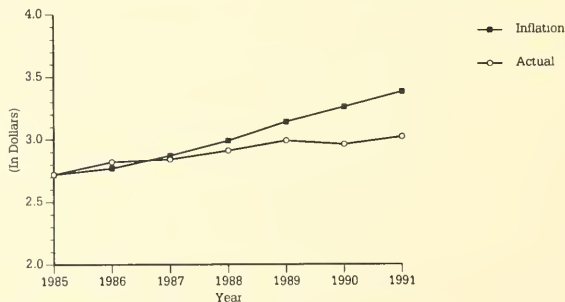
Chart E. Suburban Bus Ridership



Cost per Mile

Pace's cost control efforts are substantiated by performance as measured by cost per mile. For the six year period from 1985 to 1991, expense per mile has grown by only 8.8% while inflation for the same period has grown by 19.8%. If it were not for the cost savings programs and efforts, Pace's expense per mile growth would have been at (or greater) than the rate of inflation for the period. Without cost containment efforts, the 1991 budget may have been closer to \$3.38/mile instead of \$3.02. This savings of \$.36/mile is significant and amounts to \$10.1 million or over 11% of the 1991 budget. Cost per mile growth is represented on the following graph.

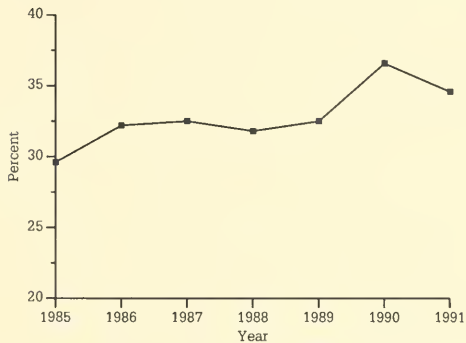
Chart F. Pace Operating Cost per Mile Actual vs. Inflation

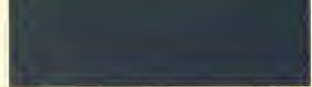


Recovery Ratio

Pace's recovery ratio has made steady improvement over the past several years. This improvement is directly attributed to our growth in ridership and the control of costs. The State of Illinois Half-fare subsidy program instituted in 1989 has also had a beneficial impact on the recovery ratio. Pace projects to achieve a record recovery ratio of 36.6% in 1990.

Chart G. Recovery Ratio





1991 Operating Budget

General

The RTA Board of Directors on September 14, 1990, established 1991 funding and farebox recovery ratio guidelines for each of the three service boards (CTA, Metra and Pace) to be used as the basis for their 1991 budgets. For Pace, the key figures were:

RTA Funding for Operations	\$54,488,000
RTA Funding for New Initiatives	274,000
Farebox Recovery Ratio	34.6%

The budget contained in this document will achieve a 34.6% recovery ratio and show a balance between expenses and available funds. The 1991 funding level established by the RTA will provide limited expansion of Pace services in high demand areas. In addition, RTA will continue to fund new initiatives such as the South Suburban Express and Metra Rail Feeder Bus new initiative projects, however, they have not included funding for the Collar County Dial-A-Ride expansion service project. The RTA has asked Pace to submit a separate request for continued funding of the Dial-A-Ride service in 1991, which Pace has done.

Pace will use \$274,000 of fund balance in order to balance the budget for 1991. The funding level established for Pace by the RTA called for a \$400,000 reduction to Pace's original 1991 funding request. Pace was able to accommodate a \$126,000 reduction to their request, however, the balance would have had to come from a reduction in service. For 1991, Pace has elected to use fund balance instead of reducing service. There is no general fare increase planned in 1991.

The following table summarizes the 1991 Pace budget.

Table 4. 1991 Operating Budget (000's)

Total Operating Expense	\$ 84,144
Less: System-Generated Revenue	(29,108)
Funding Requirement	\$ 55,036
Less: RTA Funding for Operations	\$(54,488)
RTA Funding for New Initiatives	(274)
Pace Funds to Balance Budget	(274)
Surplus/(Deficit)	\$ 0
System Recovery Ratio	34.6%

Several key elements make up the Pace operating budget. A brief description of each major component of the budget follows.

Source of Funds

Pace relies on two major sources of operating funds: farebox revenues and public funding provided by the RTA. Public funding is made up of three major components: sales tax, federal operating assistance and the state subsidy provided via the public transportation fund (PTF).

Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1 percent sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the following distribution of sales tax receipts to the service boards and RTA (Table 4).

Table 5. Allocation of Sales Tax Receipts

	RTA	CTA	Metra	Pace
Chicago	15%	85%	—	—
Suburban Cook	15%	(30%	55%	15% of remaining 85%)
Collar Counties	15%	(—	70%	30% of remaining 85%)

Pace expects to receive \$47,027,000 in sales tax revenues in 1991. This represents approximately 10.0 percent of the total RTA region's estimated receipt of \$472 million which, based on Illinois Bureau of the Budget estimates, represents a 4.0 percent increase over estimated 1990 levels.

Public Transportation Fund (PTF)

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the state treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25 percent of the net revenue realized from the sales tax. The RTA allocates PTF revenues to the service boards on the basis of need for both capital and operating purposes. For 1991, the RTA will allocate an estimated \$5,137,000 in PTF funds to Pace for operating purposes.

Federal Operating Assistance (UMTA Section 9 Funds)

Section 4.02(a) of the Amended RTA Act grants the RTA the authority to apply for, receive and expend grants, loans and other funds from the state, federal and/or local governments. Further 4.02(c) (1) states that the RTA shall adopt a formula to apportion such funds.

The formula is to take into consideration such items as ridership levels, service efficiency, transit dependence and the cost of service, among other factors. The formula used to apportion federal operating assistance in the RTA's 1990 budget was based on ridership, similar to the allocation in prior

years. The 1991 allocation of \$2,324,000 is based on suburban bus ridership as a percent of total ridership in the region. Pace suburban bus ridership accounts for 5 percent of the total ridership in the region. It is worth noting that federal operating assistance is projected to decline by about 10% in 1991. This decline is expected to continue into years 1992 and 1993 as well.

RTA New Initiative Funds

Pace expects to receive \$274,000 in RTA funding in 1991 to cover the continued operating costs of the South Suburban Express and Rail Feeder Bus new service initiatives implemented by Pace in 1989.

Farebox Revenues

Pace expects to receive \$24,379,000 in farebox revenues in 1991, an increase of 3.5 percent over estimated 1990 levels. The large portion of the increase is attributed to service expansion planned for 1991. Pace expects the expanded services to achieve a 30% recovery ratio contributing \$390,000 to farebox revenue in 1991.

State of Illinois Half Fare Reimbursement

The State has established a program to reimburse the regions' service boards for the revenue loss associated with offering discounts to student, elderly and disabled riders. Nearly one-third of Pace ridership falls into these categories. Pace expects to receive a subsidy of \$3,194,000 in 1991 under this program.

Other Income

In addition to public funding provided through the RTA, Pace expects to receive an additional \$1,535,000 in interest and other income. Interest and other income is expected to remain essentially at estimated 1990 levels.

Pace Funds

The funding level established for Pace by the RTA on September 14, 1990, called for a \$400,000 reduction to Pace's original 1991 funding request. Pace was able to accommodate a reduction of \$126,000 by incorporating several changes called for by the RTA. However, in order to avoid service reductions in 1991, Pace has elected to use \$274,000 of their fund balance to offset the RTA funding shortfall.

Use of Funds

All funds received by Pace are used to provide, expand and support suburban bus services. The major components of the 1991 Operating Program are Pace-owned carriers and public contract services, private contract carriers, dial-a-ride services, mobility limited services, administration, centralized support, including insurance and fuel, service expansion and new initiatives.

Pace-Owned Services

Pace is now responsible for the direct operation of six carriers in the region. Together, the six divisions—Pace Fox Valley, Pace Heritage, Pace North, Pace South, Pace West and Pace Southwest—carry more than 56 percent of the total suburban bus ridership. Pace expects to provide \$28,892,000 for expenses to these carriers in 1991.

Public Contracted Services

Pace contracts directly with a number of local municipalities for additional fixed route services throughout the six county region. These services are expected to cost an estimated \$16,479,000 in 1991.

Private Contract Services

Pace provides service to more than 75 communities by directly contracting with private transit companies. Pace expects to fund a total cost for these services of \$5,890,000 in 1991.

Dial-A-Ride Services

Pace subsidizes dial-a-ride service projects throughout the six-county region. In general, these services are operated by townships or local municipalities under contract with Pace. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. In 1991, Pace plans to expend \$7,475,000 for these services.

Mobility Limited Services

In accordance with Pace's plan to serve persons with disabilities, Pace has implemented a number of door-to-door transportation services and will have full coverage throughout Cook and DuPage Counties by the end of 1990. Pace's cost for these services is expected to reach \$2,000,000 in 1991.

Centralized Support, Insurance and Fuel

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace plans to spend \$12,937,000 to provide fuel, insurance and other support items in 1991. The budget also provides for 63 positions in the centralized support area. Further detail on the centralized support program budget is provided in this document.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning and financial control, Pace's 1991 administrative budget identifies 139 positions in these various areas at a 1991 cost of \$8,760,000. Further detail on the administrative budget is provided in this document.

New Initiatives

The 1991 budget contains \$274,000 to fund the South Suburban Express and Rail Feeder Bus new service initiatives which are expected to continue to operate in 1991. RTA has agreed to fund these projects to the end of the term called for in the individual business plans. Pace has requested additional funding for the continuance of the Collar County Dial-A-Ride which is not included in the \$274,000 in new initiative funding from RTA.

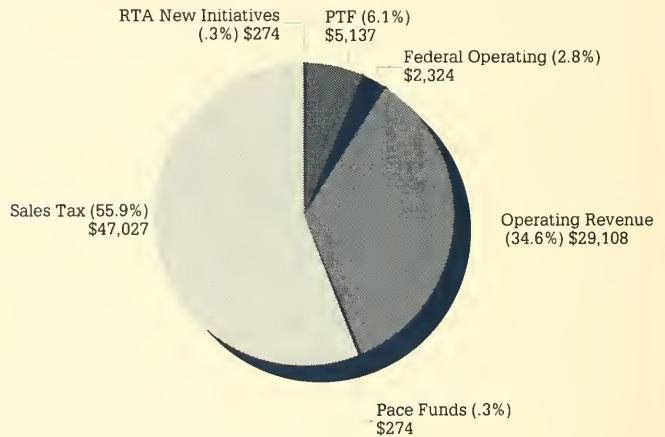
Service Expansion

The 1991 budget contains \$1,300,000 for the expansion of fixed-route and dial-a-ride services. Pace has established criteria to expand the most productive elements of the system. It is projected that these services will maintain a recovery ratio of at least 30%.

Chart H. Sources and Uses of Funds

Sources (000's)

Total \$84,144



Uses (000's)

Total \$84,144

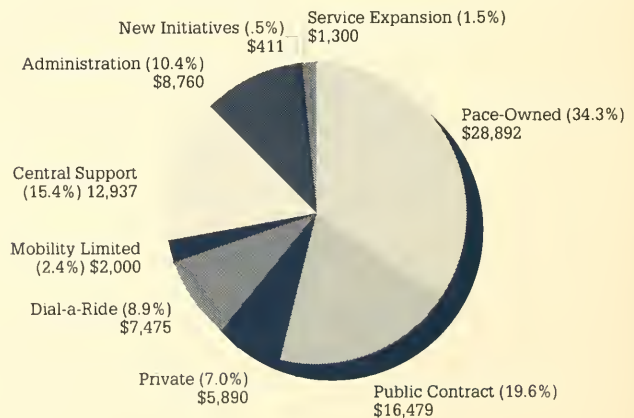


Table 6. 1991 Budget Summary (000's)

	1989 Actual	1990 Estimate	1991 Budget
Revenues			
Pace-Owned Services	\$ 10,616	\$ 11,574	\$ 11,865
Public Contracted Services	5,692	6,017	6,080
Private Contracted Services	2,107	2,200	2,218
Dial-A-Ride Services	3,157	3,433	3,523
Mobility Limited Services	49	120	166
Half-fare Reimbursement	1,716	3,700	3,194
New Initiatives	139	185	137
Service Expansion	0	28	390
Investment/Other Revenue	2,313	1,511	1,535
Total Revenue	\$ 25,789	\$ 28,768	\$ 29,108
Expenses			
Pace-Owned Services	\$ 25,713	\$ 27,205	\$ 28,892
Public Contracted Services	14,868	15,992	16,479
Private Contracted Services	5,770	5,689	5,890
Dial-A-Ride Services	6,306	6,650	7,475
Mobility Limited Services	496	1,245	2,000
Administration	7,250	8,316	8,760
Fuel	2,372	2,700	3,024
Insurance	2,450	2,589	2,706
Centralized Operations	7,305	7,069	7,207
New Initiatives	1,191	1,100	411
Service Expansion	0	95	1,300
Other Capital Expenditures	248	0	0
Total Expenses	\$ 73,969	\$ 78,650	\$ 84,144
Funding Requirement	\$ 48,180	\$ 49,882	\$ 55,036
Recovery Rate	32.8%	36.6%	34.6%
Public Funding			
Sales Tax	\$ 42,014	\$ 44,703	\$ 47,027
Public Transportation Fund	5,414	5,238	5,137
Federal Operating Assistance	2,480	2,582	2,324
Other RTA Funds	504	782	0
RTA New Initiatives	1,052	762	274
Pace Funds	0	0	274
Mobility Limited Grant	109	0	0
Total Funding	\$ 51,573	\$ 54,067	\$ 55,036
Surplus(Deficit)	\$ 3,393	\$ 4,185	\$ 0

1991 Pace-Owned Carrier Budget

Pace is now responsible for the direct operation of six carriers in the region. The two newest divisions—Fox Valley and Heritage—became Pace operations at the beginning of 1990. Together, the two new divisions along with the four divisions—Pace North, Pace South, Pace West and Pace Southwest—now carry more than 56 percent of the total suburban bus ridership.

In 1991, Pace expects to fund a net cost of \$17,027,000 at these six carriers. This represents an increase in funding levels of \$1,396,000 or 8.9 percent over 1990 year-end estimates. Revenue is projected to increase at a rate of 2.5 percent over estimated 1990 levels. The growth in revenue and ridership is modest in comparison with the growth levels estimated for 1990. However, service improvements implemented late in 1989 have contributed, in large part, to the sizeable growth in 1990 ridership and revenue. Forecasts show that the growth in ridership and revenue resulting from the 1989 service expansion will continue at a more modest level in 1991.

The 1991 budget provides for a 6.2 percent growth in total expenses over estimated 1990 levels. Pace carriers will assume the operation of route 835 (previously a private contracted service) in 1991. When the costs for this service are excluded, the residual expense growth is well in line with the expected change in the price level for 1991.

The 1991 budget will achieve a recovery rate of 41.07%. Summary information is presented on the following table.

Table 7. Budget Summary—Pace-Owned Carriers (000's)

	1990 Estimate	1991 Budget
Revenue	\$11,574	\$11,865
Expenses		
Operations	18,084	19,263
Maintenance	5,984	6,347
Non-Vehicle Maintenance	636	667
General Administration	2,501	2,615
Total Expense	\$27,205	\$28,892
Funding Requirements	\$15,631	\$17,027
Recovery Rate	42.54%	41.07%
Ridership	23,100	23,562

1991 Public Contracted Services Budget

Pace also contracts with local municipalities for fixed route bus service throughout the six-county region. These contracts will total \$16.5 million in 1991. The deficit in 1991 represents an increase of \$424,000 or 4.3 percent over 1990 year-end estimates and is based on the assumption that revenue and ridership levels will grow 1.0 percent while total expenses will increase 3.0 percent. The 1.0 percent growth in ridership and revenue are modest in comparison with the 5.7 percent growth levels estimated for 1990. However, no service improvements, like the type implemented in late 1989 which contributed to the sizeable increase in 1990 ridership and revenue, have been included in the base budget for the Public Contracted Services in 1991. The growth in total expenses in 1991 can largely be attributed to increased price levels.

The 1991 budget will achieve a recovery rate of 36.90%. Summary information is presented on the following table.

Table 8. Budget Summary—Public Contracted Services (000's)

	1990 Estimate	1991 Budget
Revenue	\$ 6,017	\$ 6,080
Expenses		
Operations	10,442	10,766
Maintenance	3,532	3,725
Non-Vehicle Maintenance	340	377
General Administration	1,678	1,611
Total Expense	\$15,992	\$16,479
Deficit	\$ 9,975	\$10,399
Recovery Rate	37.63%	36.90%
Ridership	12,858	12,987

1991 Private Contract Carrier Budget

In 1991, Pace will provide service to more than 75 communities by directly contracting with 11 private transit companies.

Private contracted service revenue for 1991 is anticipated to remain essentially flat to estimated 1990 levels. This is based on the assumption that ridership will remain constant at 1990 levels.

The 1991 budget assumes expenses will increase 3.5 percent over estimated 1990 levels. Pace continues to experience modest cost increases in this area as competition in the private sector has kept bids for contracts and contract renewals at a rate generally lower than inflation.

In total, Pace will fund a net cost of \$3,672,000 for private contracted services in 1991. This represents a 5.2 percent increase over estimated 1990 levels. Summary information is presented on the following table. A list of private contractors has also been provided.

Table 9. Budget Summary—Private Contract Carriers (000's)

	1990 Estimate	1991 Budget
Revenue	\$ 2,200	\$ 2,218
Expenses	5,689	5,890
Funding Requirement	\$ 3,489	\$ 3,672
Recovery Ratio	38.67%	37.66%
Ridership	3,005	3,029

Private Providers

Crosstown Services, Inc.
DuPage Motor Coach
Illinois School Bus
Kammes Bus Service
Keeshin Charter Service
Kickert School Lines

Lakeview Bus Lines
Robinson Coach Company
Ryder Student Transportation Service
Valley Transit
Van Der AA Bus Line

1991 Dial-A-Ride Services Budget

Dial-a-ride service is available in almost every part of the Pace service area. Nearly all service is provided with Pace-owned paratransit vehicles. The Dial-A-Ride service program has been expanded in 1990 to include additional services in North Central and Southwest Cook County. The full cost of this expansion will be felt in 1991 resulting in the 12.4 percent growth in dial-a-ride expense budgeted for 1991.

As Pace has expanded its dial-a-ride services, it has entered into contracts directly with private providers for the provision of service covering larger geographic areas. In addition to increasing opportunities for longer distance travel, contracts with private providers have afforded opportunities for project consolidation, improved coordination in service delivery, and more efficient use of Pace-owned paratransit vehicles.

Currently, Pace contracts directly with private providers for the operation of 13 dial-a-ride projects. The communities served, and other interested agencies, continue to provide financial support for these projects through "local share agreements" with Pace. Pace now receives funding to help cover a portion of dial-a-ride service costs through 40 local share agreements.

Pace has maintained grant agreements with villages and townships for the operation of 47 other dial-a-ride projects. In most cases, the local community operates the service. Pace provides grant funds to cover up to 75% of deficit or \$2.25 per trip, whichever is less. In 1991, Pace is proposing to increase the per trip subsidy portion of the formula from \$2.25 to \$2.50. The 75% of deficit formula is applied to a maximum vehicle hour cost cap of \$25 per hour. Expenses above \$25 per hour are covered totally by the local community. Local services must exclude costs in excess of the ceiling as they are not eligible for reimbursement.

Dial-a-Ride service costs are summarized on the following table:

Table 10. Budget Summary—Dial-A-Ride Services (000's)

	1990 Estimate	1991 Budget
Revenue		
Operating Revenue	\$ 1,085	\$ 1,207
Local Share	2,348	2,316
Total Revenue	\$ 3,433	\$ 3,523
Expenses	6,650	7,475
Pace Subsidy	\$ 3,217	\$ 3,952
Recovery Rate	51.62%	47.13%
Ridership	1,327	1,498

1991 Mobility Limited Services Budget

In accordance with Pace's plan to serve persons with disabilities, Pace has implemented a number of door-to-door transportation services in Cook and DuPage counties. In August of 1989 the Pace Board authorized the expansion of the program's eligibility criteria. The services which were only available to those disabled persons who use wheelchairs, are now available to a broader range of disabled individuals. During 1989, Pace funded four Mobility Limited Service projects in Cook County. These four projects served Northeast, Northwest, South and a small portion of West Cook County. In early 1990, two additional projects were implemented covering all of DuPage County. As recent as September, 1990, service was initiated in the remaining unserved portions of Southwest and West Cook County completing coverage throughout Cook and DuPage Counties.

Pace is proposing to lower the fare on mobility limited services from the current \$2.00 per trip to \$1.25 similar to the CTA.

Table 11. Budget Summary—Mobility Limited Services (000's)

	1990 Estimated	1991 Budget
Revenue	\$ 120	\$ 166
Expenses	1,245	2,000
Pace Subsidy	\$ 1,125	\$ 1,834
Ridership	64	133

Pace spending for mobility limited services is projected to rise considerably in 1991 as a result of program expansion in 1990. While the budget forecast is set at \$2.0 million dollars, it is possible this amount could be exceeded as demand for services grows. In the event of substantial growth requiring additional financial resources, Pace will request that RTA increase the funding level as needed up to the 5% of budget ceiling of \$4.2 million (including capital and fixed route accessibility costs) as provided for in the RTA Regional Plan for the transportation of the disabled.

1991 Centralized Support Budget

The following schedule outlines Pace's centralized support budget. The centralized support budget provides for the central purchase of commonly-used goods and services at a substantial savings to Pace carriers. Continued expansion of the central purchasing program is planned for 1991. The 1991 budget provides for 63 positions. No new personnel have been included in this area for 1991.

Table 12. Centralized Support Budget (000's)

	Amount
Labor	
Salaries and Wages	\$ 1,934
Fringe Benefits	579
Total Labor	\$ 2,513
Centralized Support	
Marketing	\$ 959
Central Purchasing	884
Vehicle Repairs	480
Tire Leases	400
Technical Services	382
Revenue Collection	493
Other Support	526
Component Rebuilding	62
Ticket/Transfer Printing	215
Communications Systems	117
Building Repairs	65
Acceptance Facility	111
Total Centralized Support	\$ 4,694
Insurance	
Bodily Injury and Property Damage Claim	\$ 1,300
Workmens Compensation Claims	825
Accident Damage	294
Premiums	125
Claims Administration	162
Total Insurance	\$ 2,706
Fuel	\$ 3,024
Grand Total	\$ 12,937

1991 Administrative Budget

The following table outlines Pace's 1991 administrative budget. The administrative budget provides for 139 positions at an estimated total cost of \$8.8 million. No new administrative personnel have been included in the 1991 budget. Pace administration is responsible for managing all of the agency's administrative responsibilities, including financial and capital assistance programs, central purchasing and marketing.

Table 13. Administrative Budget (000's)

	Amount
Labor	
Salaries and Wages	\$ 4,346
Fringe Benefits	1,298
Total Labor	\$ 5,644
Support	
Copy/Reproduction	\$ 250
All Other Support	335
Utilities/Telephone	215
Business/Travel Expenses	225
Training and Development	98
Total Support	\$ 1,123
Services	
Data Services	\$ 558
Consulting	475
Temporary Help	250
Building Maintenance	145
Audit	64
Legal and Other	178
Total Services	\$ 1,670
Service Board	\$ 323
Grand Total	\$ 8,760

Administrative and Central Support Organizational Overview

The 1991 budget provides for 202 positions: 139 in Administration and 63 in Centralized Support. A brief organizational overview is provided below.

Office of the Executive Director (34 Staff Positions)

The Office of the Executive Director includes Internal Audit, Human Resources, Safety, the Staff Attorney and the Intergovernmental Affairs and Marketing areas. The Executive Director reports directly to the Pace Board of Directors. All areas of the organization report directly to the Executive Director, with the exception of Internal Audit and Intergovernmental Affairs which have dual reporting responsibilities requiring that they also report directly to the Pace Board of Directors.

Finance and Administration (62 Staff Positions)

The Finance and Administration Department handles the financial, management information systems, administrative and risk management functions of Pace.

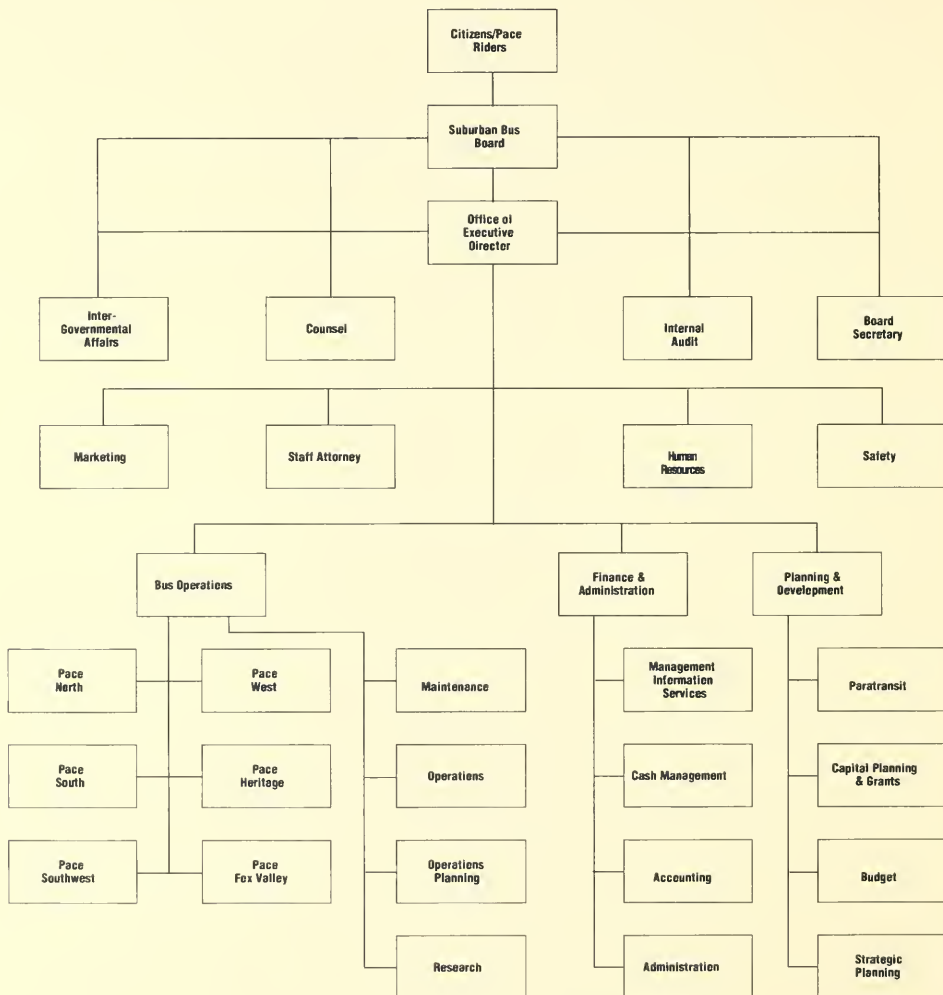
Planning and Development (43 Staff Positions)

This department is responsible for budget development and analysis, capital planning, grant administration, dial-a-ride services, strategic planning, and the new market development function which was added to this department in 1990.

Bus Operations (63 Staff Positions)

The Bus Operations Department is responsible for overseeing the operations and maintenance of the entire Pace system, as well as the direct supervision of six Pace-owned carriers (an increase of two new carriers acquired in late 1989) which includes approximately 658 full and part-time employees.

Chart I. Pace Organizational Chart



1991 New Initiative Budget

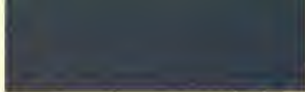
Pace currently has three RTA funded new initiatives underway; South Suburban Express, Metra Rail Feeder Bus Service and the Collar County Dial-a-Ride expansion program. The Oak Brook Circulator project which failed to meet the minimum performance criteria as established in Pace's business plan was terminated in May, 1990.

The Pace recommended budget for 1991 calls for the continuation of three operating initiatives through the entire year. RTA funding, however, is not provided beyond existing appropriations. In the case of the collar county dial-a-ride expansion project, RTA's funding authorization expires at the end of 1990. Pace will request RTA to extend this authorization through 1991 so that these services can continue. The purpose of the project is to serve areas within RTA's taxing jurisdiction that previously received little or no public transportation services. Significant progress has been made by Pace in establishing services in these areas (particularly rural Kane and Will Counties) in 1990 and it is essential that further RTA support be provided in 1991 so that our progress and services may continue.

Table 14. New Initiatives Budget (000's)

	1990 Estimate	Pace Recommended 1991 Budget	RTA Proposed 1991 Budget
Revenues			
Oak Brook Circulator	\$ 26	\$ 0	\$ 0
South Suburban Express	42	42	42
Metra Rail-Feeder Bus	57	95	95
Collar County D-A-R	60	123	0
Total Revenues	\$ 185	\$ 260	\$ 137
Expenses			
Oak Brook Circulator	\$ 273	\$ 0	\$ 0
South Suburban Express	519	516	144
Metra Rail-Feeder Bus	191	267	267
Collar County D-A-R	117	328	0
Total Expenses	\$ 1,100	\$ 1,111	\$ 411
Deficit			
Oak Brook Circulator	\$ 247	\$ 0	\$ 0
South Suburban Express	477	474	102
Metra Rail-Feeder Bus	134	172	172
Collar County D-A-R	57	205	0
Total Deficit	\$ 915	\$ 851	\$ 274

In addition to these new initiatives, Pace is preparing additional service proposals designed to serve the transportation needs of a growing suburban market. Express bus services in the Lake-Cook corridor, Golden (Northwest Tollway) corridor, East-West Tollway corridor and Fox Valley corridor will be proposed in the future.



1991 Capital Program Budget and Five Year Plan

General

Pace had expected to receive a total of \$22.9 million in Federal, State and RTA funds to finance the 1991 Capital Program. However, current RTA projections indicate federal capital funding will fall short of established RTA program levels by 14.3% in fiscal years 1990 and 1991. In response to this shortfall, RTA is proposing to reduce federal funding allocations to the service boards—CTA, Metra and Pace. For Pace, RTA is proposing a reduction of nearly \$7.3 million or 26.5% to Pace's capital program for the 1990—1991 period. However, since the 1990 Pace capital program is firm, the RTA proposal impacts only the 1991 Pace program. The \$7.3 million reduction to the 1991 program eliminates nearly 70% of the federal funding from Pace's 1991 program or about one-third of the total program. Obviously, Pace objects to the current RTA proposal and hopes that a more equitable method will be devised by RTA to mitigate the impact of the federal funding loss among the three service boards and over a longer time period. As of this printing however, the proposed reduction is considered a real threat and must be balanced by equal reductions in spending, therefore, the budget proposal shows an equal reduction in rolling stock purchases which were the intended use of the lost federal funding.

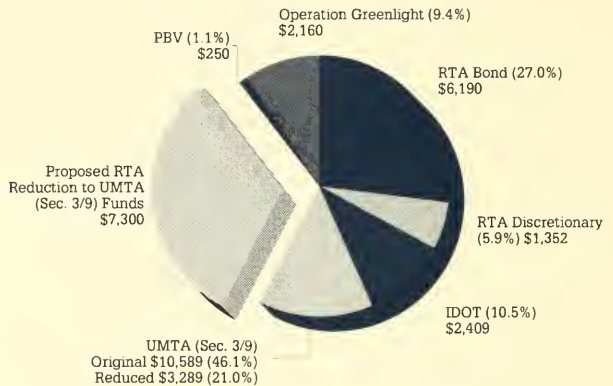
Should funding be restored or alternative methods for dealing with the federal shortfall be forwarded by RTA, Pace will adjust and reprioritize the 1991 program to accommodate such changes and maximize the use of available funds.

In addition to the federal funds in question, Pace receives funds from RTA's bond issuance, state funds from the Illinois Department of Transportation through its regular bond program and funds from the Operation Greenlight Program. The Operation Greenlight Program specifically supports projects to help ease traffic congestion. Further, the Pace board has authorized the use of its own positive budget variance funds for capital projects.

Chart J. 1991 Capital Program

Sources (000's)

Total \$22,950



Uses (000's)

Total \$22,950

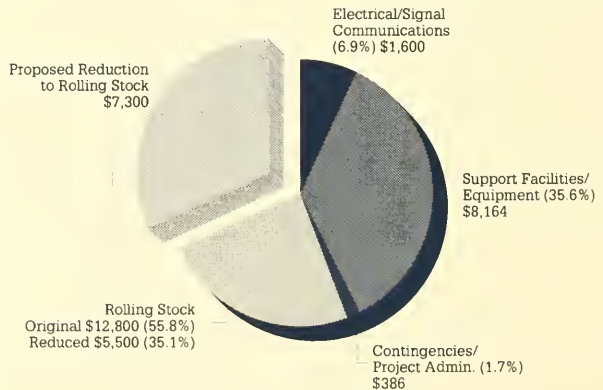


Table 15. 1991 Capital Program (000's)

Project Description	Amount
Rolling Stock	
50 Fixed Route Buses	\$11,200
10 Contractor Replacement Buses	1,600
Subtotal Rolling Stock	\$12,800
Support Facilities	
Southwest Garage	\$ 1,000
Park & Ride Facilities	200
Transfer/Other Fixed Facilities	300
Pace Adm. Building Improvements	200
Bus Stop Improvements and Signs	171
Improvements to Garages	132
NW Cook Transportation Center (Preconstr.)	3,700
Operation Greenlight	660
Subtotal Support Facilities	\$ 6,363
Electrical/Signal/Communications	
Tollway Access/Signalization	\$ 100
Operation Greenlight	1,500
Subtotal E/S/C	\$ 1,600
Support Equipment	
Maintenance Equipment/Other	\$ 479
Office Equipment/Furniture	437
Computer Equipment	635
Pace Fund Balance	\$ 250
Subtotal Support Equipment	\$ 1,801
Contingencies-Administration	\$ 386
Grand Total	\$ 22,950

Pace 1991 Capital Program Description

In accordance with the estimated funding levels provided by the RTA in July, 1990, Pace's 1991 Annual Plan totals roughly \$23.0 million. Nearly \$13.0 million or 56% of the total program will be spent on Rolling Stock with the remainder going for construction and equipment.

Rolling Stock Needs

Pace's 1991 Annual Plan contains the purchase of 60 new wheelchair accessible fixed route accessible buses. Fifty of these buses are part of the normal replacement of vehicles which have exceeded their useful life and 10 buses are programmed to replace either contractor owned school buses or vehicles which are not equipped with wheelchair lifts.

On July 26, 1990, President Bush signed into law the Americans with Disabilities Act (ADA) which became effective within 30 days after signing. The impacts of this law on the transit industry will be significant. The capital costs of complying with the ADA is estimated to cost Pace roughly \$34.0 million. We expect that UMTA guidelines will be released shortly and once reviewed by Pace staff a more detailed cost impact statement will be developed.

Although Pace's existing Board policy calls for the purchase of all buses with lifts, this new law would also require that private contractor buses also be lift equipped.

Support Facilities

Pace Southwest Garage—The \$1.0 million covered in this program will complete construction of the new Southwest Garage in Bridgeview. Currently \$2.2 million has been approved in previous grants for land acquisition and engineering, and \$5 million for Phase 1 construction is awaiting approval from UMTA and RTA.

Park and Ride Facilities—This project element continues with Phase II implementation of Pace's Park and Ride Program. These Park and Ride lots will support either subscription bus or express bus routes currently in operation. Possible locations include Homewood, Blue Island, Evergreen Park, Niles and Elk Grove Village.

Transfer/Other Fixed Facilities—This project involves construction of transfer points and/or terminals in areas such as Joliet, Waukegan, Rosemont, Gurnee and DuPage County.

Pace Administration Building Improvements—This project involves improvements to Pace Administrative Headquarters including engineering and design of a new HVAC system, upgrade fire and security systems, and landscape improvements.

Bus Stop Improvements and Signs—This project involves passenger amenities such as bus shelters and signs.

Improvement to Garages—This project involves periodic upgrading of Pace's fixed facilities.

Northwest Cook Transportation Center—Pace is in the process of conducting two consultant studies which will address Market Analysis and Parking Demand for a new Transportation Facility in Schaumburg, Illinois. Pace's Transportation Center will be integrated on the present site of the planned Illinois International Convention Center (IICC). The consultant studies are expected to be completed by November. Preliminary information supports this project, therefore, pre-construction funds have been programmed in 1991.

Electrical/Signal/Communications

Tollway Access/Signalization—This project involves improvements to tollway interchanges in order to increase tollway access at key points along the system.

Support Equipment

This project includes purchase of maintenance equipment for various garage facilities and the purchase of office and computer equipment.

Operation Green Light Program

The projects covered in this program are funded in whole by the State of Illinois. The goal of the program is to relieve traffic congestion. Pace's proposed projects will include the first phase of a signal preemption program, construction of park and ride lots and bus stop improvements. These particular projects will aid in the movement of buses through highly congested areas.

Five Year Capital Program Strategies by Asset Category

Asset Category: Rolling Stock

Pace's capital program in the last five years has focused on the replacement of Pace's aging fleet. In order to maintain and improve customer satisfaction, it is essential that Pace has a fleet of safe, clean and reliable vehicles to serve its riders. Through an aggressive replacement program, Pace has brought the average age of its fleet of fixed route buses down to 6.1 years and the average age of the paratransit fleet to 2.2 years.

It is the goal of Pace to replace any fixed route vehicles that have reached 12 years old and any paratransit vehicles over 5 or 7 years old (depending on the type of vehicle). Currently, only 29% of the fixed route fleet is 12 years of age or older and only 9% of the paratransit vehicles are now over 7 years old. There are no plans to rehabilitate the overaged vehicles at this time.

A strict preventative maintenance program has been established to ensure that vehicles are kept in good working condition throughout their useful life.

Pace is currently analyzing the impacts of the Americans with Disabilities Act and how we must comply with the new requirements. One element of compliance will involve replacing contractor owned buses which are not lift equipped with accessible buses. Based on current contracts, 112 contractor owned buses are utilized; 97 are school buses and 15 are over the road coaches. Pace plans to purchase approximately 50 lift-equipped buses which will be used by private contractors over the next five years.

Asset Category: Electrical/Communication/Signals

Plans are currently underway to replace the Systemwide Radio and Fare Box Systems. An engineering assessment is nearing completion for the radio system. A demonstration program, directed by the RTA, is underway to study a new fare collection system. Once the results of this demonstration project are complete, Pace will proceed with the replacement of its Systemwide Fare Box System.

Asset Category: Support Facilities

In accordance with Pace's Strategic Plan, Pace's Capital Program continues to replace and upgrade existing fixed facilities. Further, plans and studies are underway to construct Transportation Centers and Park and Ride lots throughout the region. Currently, a comprehensive operating plan is underway which will incorporate information and data derived from the Express Bus Study and Van Pool Study. This Comprehensive Operating Plan will link major fixed facility investments to transit service priorities.

Pace Five Year Capital Plan

Pace's proposed Five Year Plan puts particular emphasis on the continued replacement and expansion of the fixed route and paratransit bus fleet as well as the upgrading and expansion of fixed facilities.

It should be pointed out that Pace's Five Year Capital Plan of \$159.5 million reflects a "Constrained Budget" which is tied to funding levels estimated by the RTA prior to the recently proposed reduction in federal funding. Any reductions in federal funding will have a direct impact on the Five Year Plan. Once funding levels are known, Pace will prioritize the Five Year Plan to maximize the benefit of available resources.

In accordance with Pace Board Policy, the majority of the Pace fund balance has been programmed to capital projects contained in this Five Year Capital Plan. The amount of fund balance used is estimated at \$14.35 million over the next five years. Additionally, in 1990, the Pace Board committed \$7.2 million of fund balance for transportation centers and park and ride lots.

In order to meet all Pace Capital needs, certain projects will either have to be deferred until the out years by, for example, slowing down the rate of our bus replacement schedule or considering the use of additional Pace funds as they become available to make the program whole. This matter will be reviewed with the Board on an annual basis, since a number of factors consistently change the amount of available funds each year.

Highlights of the 5 Year Capital Plan include:

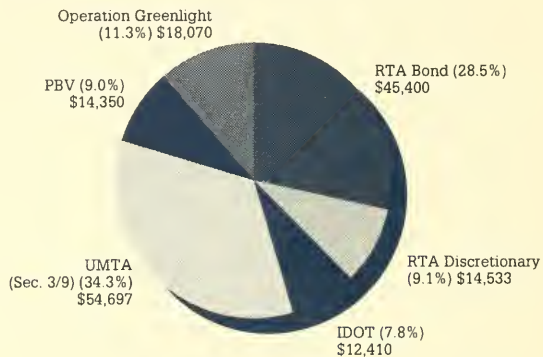
- Purchase 230 Fixed Route Buses
- Purchase 154 Paratransit Buses
- Purchase of 50 Fixed Route Buses to replace contractor owned equipment
- Purchase of Van Pool Equipment
- Construction of Park and Ride Facilities, Transit Centers, the Northwest Cook Transportation Center
- Purchase of a Systemwide Radio and Farebox System

Chart K. 1991-1995 Capital Plan—Sources and Uses of Funds

(Constrained Budget)

Sources (000's)

Total \$159,460



Uses (000's)

Total \$159,460

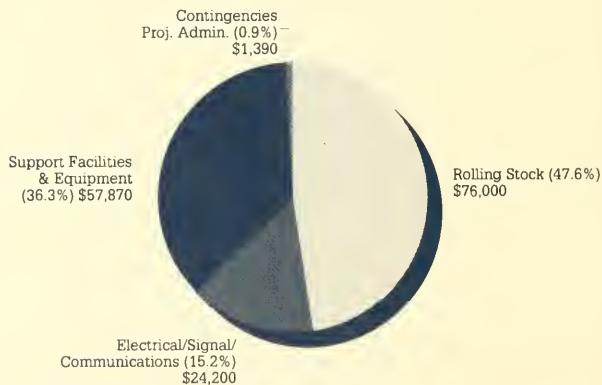
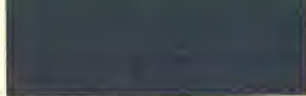


Table 16. Capital Plan 1991-1995 (000's)

Project Description	1991 Amount	1991 #	1992—1995 Amount	1992—1995 #	Total
Rolling Stock					
Purchase 230 Fixed Route Buses	\$ 11,200	(50)	\$ 44,100	(180)	\$ 55,300
Replace 50 Buses	1,600	(10)	7,400	(40)	9,000
Purchase 154 Paratransit Buses	0		9,700	(154)	9,700
Purchase 80 Van Pool Buses	0		2,000	(80)	2,000
Subtotal - Rolling Stock	\$ 12,800		\$ 63,200		\$ 76,000
Electrical/Signal/Communications					
Systemwide Radio System	\$ 0		\$ 7,000		\$ 7,000
Systemwide Farebox System	0		5,100		5,100
Tollway Access/Signalization	100		800		900
Operation Greenlight	1,500		9,700		11,200
Subtotal - E/S/C	\$ 1,600		\$ 22,600		\$ 24,200
Support Facilities & Equipment					
Southwest Garage	\$ 1,000		\$ 0		\$ 1,000
Aurora Garage	0		500		500
Northwest Cook Garage	0		4,000		4,000
Park-N-Ride Facilities	200		2,500		2,700
Transfer/Other Fixed Facilities	300		2,000		2,300
Pace Admin. Bldg. Improvements	200		1,100		1,300
Counting House/Storage Facility	0		2,500		2,500
Bus Stop Improvements & Signs	171		400		571
Improvements to Garages	132		800		932
Northwest Transportation Center	3,700		12,100		15,800
Maintenance Equipment/Other	479		1,200		1,679
Office Equipment/Furniture	437		500		937
Computer Equipment	635		900		1,535
Associated Capital	0		900		900
Operation Greenlight/Pace Fund Balance	910		20,306		21,216
Subtotal Support Facilities & Equipment	\$ 8,164		\$ 49,706		\$ 57,870
Contingencies & Administration	\$ 386		\$ 1,004		1,390
Total Pace Program	\$ 22,950		\$ 136,510		\$ 159,460



1991-1993 Financial Plan and Fund Balance

General

The following table identifies Pace's financial plan and fund balance for 1991 through 1993. The Amended RTA Act requires the service boards to submit such a plan in addition to their annual programs and budgets. The plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace's plan for 1991-1993 achieves such a balance. This is possible as Pace will continue to control expense growth over the three year period to a rate less than inflation.

Assumptions

The RTA has contracted with the WEFA group, a economic consulting firm, for the provision of economic forecast scenarios for 1991 through 1993. The inflation assumption used in the Pace three year plan is based on the RTA/WEFA forecast. Based on this forecast, inflation is projected at 3.8% for 1991. In addition to general inflation, the WEFA group provided forecasts of other economic indicators which were used in the development of the 1991 budget and three year financial plan. These key assumptions and their application are summarized on the following table.

Table 17. RTA/WEFA Baseline Economic Assumptions

	1990	1991	1992	1993	Where Applied
CPI-U (National)	4.1%	3.8%	4.5%	4.8%	Note 1
CPI-U Medical Care	7.3%	6.2%	6.1%	6.1%	Note 2
T-Bill Rate (3 Month)	7.3%	7.5%	7.5%	7.4%	Investment Income 91-93
#2 Diesel % Change To Prior Year	7.5%	0.6%	2.8%	6.5%	Note 3

Note 1—The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 1992 and 1993 as they are beyond the range of most current agreements.

Note 2—Past experience has shown that health insurance costs have exceeded this index; therefore, health insurance growth rates have been projected at twice the general inflation rate in 1992 and 1993. The 1991 estimates are largely based on known or anticipated costs for health insurance.

Note 3—Recent developments in the Middle East have caused diesel fuel prices to rise by over 50% in 1990. The projected cost for 1991 of \$.672 is provided by RTA and is considerably less than current prices. The RTA rate is projected out into 1992 and 1993 by the growth rates shown.

Numerous individual projections and assumptions are made in order to develop the annual budget and out-year forecasts. In general, these estimates are based on the economic data shown in the preceding table. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on the following table.

Table 18. Major Expense Category Growth Over Prior Year *

	1991	1992	1993
Labor	4.2%	3.7%	4.0%
Fringe Benefits	9.5%	6.1%	6.7%
Parts/Supplies	6.3%	3.5%	3.8%
Utilities	3.2%	4.5%	4.8%
Fuel	12.0%	2.8%	6.5%
(\$/Gallon)	(.672)	(.691)	(.735)

*Does not reflect growth due to service expansion.

The result of applying these assumptions with known contractual obligations results in the following total base rates of expense growth for 1991 through 1993.

Table 19. Base Expense Growth

	1991	1992	1993
	3.70%	4.06%	4.35 %

These base rates rise once the cost of expanded fixed-route and dial-a-ride services are added.

Pace revenue assumptions for 1991—1993 are largely based on ridership assumptions. Ridership for 1991 is projected to increase by 3.6%, with half of the increase due to service expansion. Ridership is projected to increase in 1992 and 1993 by approximately 1.7% each year. Revenue performance in 1991 reflects a \$.3 million increase over 1990 levels. The majority of the increase is due to rising farebox revenue from ridership growth and service expansion, as the RTA projects that 1991 state half-fare subsidies for Pace will decline from 1990 levels. No fare increase is planned for 1991; however, the financial equivalent of a 10% fare adjustment is included in the 1992 and 1993 revenue forecast. Pace has included the fare adjustments in outlying years to remain synchronized with CTA fare structures which are reported to change in 1992. Pace and CTA officials will coordinate plans to adjust fares in 1992 if the need still exists when preparing the 1992 budget.

Fund Balance

By containing costs through good management, Pace has been able to establish savings from its operating budget each year since its inception in 1984. By the end of 1989, these savings accumulated to over \$22 million. In an effort to recognize this favorable performance, RTA has adopted a policy of allowing service boards to program projects which will draw against these reserves. Since 1986 Pace has obligated over \$17,960,000 for capital projects funded out of this reserve. In 1989 the Pace Board restricted \$7.0 million in funds for the establishment of transportation centers and park-n-ride improvements. After adjusting for these uses, Pace is expected to have an uncommitted balance of \$8.1million by the end of 1990. The following table identifies these capital funding commitments.

Table 20. Capital Funding Provided Via Pace Fund Balance (000's)

	Amount
1986	\$ 1,959
1987	\$ 1,950
1988	\$ 5,881
1989	\$ 7,920
1990	\$ 250
1991	\$ 250
1992	\$ 2,250
1993	\$ 2,250
Grand Total	\$ 22,710

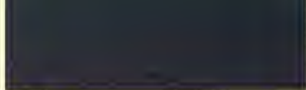
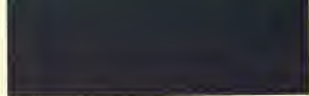


Table 21. 1991-1993 Three Year Plan and Fund Balance (000's)

	1989 Actual	1990 Estimate	1991 Budget	1992 Projected	1993 Projected
Revenues					
Farebox	\$ 19,179	\$ 20,658	\$ 21,237	\$ 23,132	\$ 23,531
Fare Reimbursement	1,716	3,700	3,194	3,194	3,194
Other	4,755	4,197	4,150	4,023	4,086
New Initiatives	139	185	137	127	0
Service Expansion	0	28	390	398	406
Total Revenue	\$ 25,789	\$ 28,768	\$ 29,108	\$ 30,874	\$ 31,217
Expenses					
Labor	\$ 30,445	\$ 33,010	\$ 34,381	\$ 35,658	\$ 37,092
Fringe Benefits	12,163	13,121	14,366	15,246	16,267
Parts/Supplies	4,161	3,787	4,025	4,166	4,324
Purchased Service	6,266	6,934	7,767	8,532	9,327
Utilities	1,220	1,357	1,400	1,463	1,533
Fuel	2,372	2,700	3,024	3,109	3,311
Insurance	2,450	2,589	2,706	2,828	2,964
Other	13,701	13,957	14,764	15,425	16,161
New Initiatives	1,191	1,100	411	279	0
Service Expansion	0	95	1,300	1,359	1,424
Total Expenses	\$ 73,969	\$ 78,650	\$ 84,144	\$ 88,065	\$ 92,403
Funding Requirement	\$ 48,180	\$ 49,882	\$ 55,036	\$ 57,191	\$ 61,186
Recovery Ratio	32.8%	36.6%	34.6%	35.1%	33.8%
Public Funding					
RTA Operating	\$ 50,412	\$ 53,305	\$ 54,488	\$ 56,556	\$ 60,725
RTA New Initiatives	1,052	762	274	152	0
Pace Funds	109	0	274	483	461
Total Public Funding	\$ 51,573	\$ 54,067	\$ 55,036	\$ 57,191	\$ 61,186
Surplus/(Deficit)	\$ 3,393	\$ 4,185	\$ 0	\$ 0	\$ 0
Fund Balance					
Beginning Balance	\$ 7,019	\$ 4,220	\$ 8,155	\$ 7,631	\$ 4,898
Surplus/(Deficit)	3,393	4,185	0	0	0
Less: Obligations/Other	6,192	250	524	2,733	2,711
Funding Balance	\$ 4,220	\$ 8,155	\$ 7,631	\$ 4,898	\$ 2,187





Conclusion

The 1991 operating and capital program and 1991-93 financial plan, as presented, represents a sound and reasonable program for the continued development of the suburban transit system. By maintaining stable recovery performance and controlling costs, Pace has been able to maintain a modest expansion program. By proceeding with new service initiatives, service expansion in key areas, market development efforts and expanded services to the disabled, Pace is making further progress on its commitment to the suburbs.

Legal Notice

Pace
Suburban Bus Division of the RTA
Hearings on Proposed 1991
Operating and Capital Program
and 1991—1993 Financial Plan

Notice is hereby given that Pace, the Suburban Bus Division of the Regional Transportation Authority, will hold public hearings on its proposed operating and capital programs and budget for fiscal year 1991 (January 1, 1991 to December 31, 1991) and financial plan for 1991-1993.

Any person wishing to comment on the proposed budget and financial plan may present views orally at the public hearings or by submitting written material not later than seven (7) days after the conclusion of the hearings on November 3, 1990. Copies of the proposed operating and capital budget for fiscal year 1991 and the 1991—1993 financial plan are available for public inspection at:

Pace
550 West Algonquin Road
Arlington Heights, Illinois 60005

The documents will be available at most public libraries as well as township, city and village offices in the six-county Pace region for seven (7) days prior to the hearings.

October 8, 1990

Schedule of Public Hearings

Pace Proposed 1991 Operating and Capital Program

Pace will hold public hearings on its proposed budget at the following locations and the public is invited to attend and provide comment:

Table 22. Public Hearing Schedule

Hearing Location	Date	Time
DuPage County Public Hearing Village of Glen Ellyn 535 Duane Street Glen Ellyn	Thursday November 1, 1990	7:30 p.m.
McHenry County Public Hearing McHenry County Courthouse 2200 N. Seminary Woodstock	Thursday November 1, 1990	7:30 p.m.
Will County Public Hearing Joliet Municipal Building 150 W. Jefferson Street Joliet	Thursday November 1, 1990	7:30 p.m.
Kane County Public Hearing Kane County Government Center Ground Floor Auditorium 719 Batavia Street Geneva	Friday November 2, 1990	7:30 p.m.
Lake County Public Hearing Lake County Courthouse 18 North County Street Waukegan	Friday November 2, 1990	7:30 p.m.
Cook County Public Hearing Des Plaines Civic Center 1420 Miner Street Des Plaines	Saturday November 3, 1990	10:00 a.m.
Cook County Public Hearing Flossmoor Village Hall 2800 Flossmoor Road Flossmoor	Saturday November 3, 1990	10:00 a.m.
Cook County Public Hearing Forest Park Village Hall 517 Des Plaines Avenue Forest Park	Saturday November 3, 1990	10:00 a.m.



Notes

